

FEBRUARY 25, 1976

IMF ON WORLD FOOD RESERVES

ANNCR:

IN WASHINGTON A REPORT ISSUED BY THE INTERNATIONAL MONETARY FUND WARNS THAT WORLD FOOD SECURITY REMAINS POTENTIALLY CRITICAL. VOA'S JOSEPH SULLIVAN HAS SOME OF THE DETAILS.

VOICE:

THE I-M-F REPORT FOCUSSES PRIMARILY ON WORLD GRAIN RESERVES, WHICH IT SAYS ARE AT THEIR LOWEST LEVELS IN MORE THAN TWO DECADES. AND IT WARNS THAT A DISAPPOINTING HARVEST IS IN PROSPECT FOR THE CURRENT CROP SEASON ENDING JUNE 1976.

BY I-M-F ESTIMATES, STOCKS OF WHEAT, RICE AND COARSE GRAINS HELD BY MAJOR EXPORTERS AT THE END OF THE 1975 CROP SEASON STOOD AT SOME FIFTY MILLION METRIC TONS. THAT'S ABOUT EIGHT MILLION TONS LESS THAN GRAIN RESERVE LEVELS AT THE END OF THE 1974 CROP SEASON. FOR THE WORLD AS A WHOLE, THE REPORT SAYS THAT GRAIN STOCKS ARE ESTIMATED TO HAVE DECLINED TO LESS THAN NINETY SEVEN MILLION TONS. RESERVES OF AT LEAST ONE HUNDRED MILLION TONS ARE USUALLY CONSIDERED A MINIMUM SAFE LEVEL FOR THE UNINTERRUPTED FLOW OF GRAIN SUPPLIES.

THE I-M-F REPORTS SAYS THAT THE EMERGENCE IN RECENT YEARS OF THE SOVIET UNION AS A MAJOR NET IMPORTER REPRESENTS A SIGNIFICANT NEW FACTOR IN THE WORLD GRAIN SITUATION. SINCE 1972, IT OBSERVES, THE SIZE AND TIMING OF SOVIET GRAIN PURCHASES WERE THE PRINCIPAL CAUSE OF THE UNPRECEDENTED RISE IN WORLD GRAIN PRICES. AND THE REPORT PREDICTS THAT ANNUAL DEFICITS IN SOVIET GRAIN OUTPUT MAY REMAIN A DISRUPTIVE ELEMENT IN WORLD MARKET STABILITY.

AS FOR THE CURRENT CROP YEAR, THE I-M-F WARNS THAT UNFAVORABLE WEATHER MAY ONCE AGAIN STAND IN THE WAY OF RECORD GRAIN HARVESTS. RECENT SETBACKS IN EUROPEAN CROP CONDITIONS, IT NOTES, HAVE ALTERED CONSIDERABLY THE PROSPECTS FOR A GOOD RECOVERY IN GRAIN OUTPUT. AT THE SAME TIME, IT ADDS, SUCCESSIVE DOWNWARD REVISIONS OF EXPECTED WORLD WHEAT OUTPUT HAVE REDUCED THE EARLIER HOPES OF REBUILDING WHEAT STOCKS DURING THIS CROP YEAR.

III: 1974 THE UNITED STATES PROPOSED THAT AN INTERNATIONAL SYSTEM OF NATIONALLY-HELD GRAIN RESERVES BE ESTABLISHED TO MEET EMERGENCIES AND TO REDUCE THE VIOLENT FLUCTUATIONS IN WORLD GRAIN PRICES DURING PERIODS OF SURPLUS AND SHORTAGE. AND IN SEPTEMBER OF LAST YEAR IT LAID BEFORE THE INTERNATIONAL WHEAT COUNCIL IN LONDON A DETAILED PROPOSAL FOR AN AGREEMENT ON AN INTERNATIONAL GRAIN BANK.

SUPPORT FOR THE AMERICAN GRAIN RESERVE PLAN HAS TENDED TO LAG, IN PART BECAUSE OF THE GENERAL IMPROVEMENT IN THE FOOD SITUATION SINCE THE DISASTROUS HARVESTS OF 1971 AND 1972. BUT THE I-M-F STUDY -- WITH ITS EVIDENCE OF DWINDLING FOOD RESERVES -- ARGUES AGAINST COMPLACENCY IN EFFORTS TO ACHIEVE LASTING WORLD FOOD SECURITY.

GH/PBM